

REPORT

DATE: May 5, 2005

TO: Administrative Committee and Regional Council

FROM: Heather Copp, Chief Financial Officer, (213) 236-1804, copp@scag.ca.gov *HC*

SUBJECT: Approval of Cost Recovery Policy

EXECUTIVE DIRECTOR'S APPROVAL: *J. Huel*

RECOMMENDED ACTION:

The Audit & Best Practices Committee recommends approval of the cost recovery policy.

SUMMARY:

The Audit Committee approved this item back in October of 2004. However, between the time of the Audit Committee meeting and the presentation to the Regional Council, there were significant comments received. The staff has reviewed these comments and incorporated some of them into the revised document. The Audit Committee reviewed the revised document at their April 5, 2005 meeting and recommends approval.

BACKGROUND:

The following is a summary of the revisions since the initial approval of the document by the Audit Committee in October of 2004.

1. Additional language was added in the introduction regarding the need for the policy and a definition of the members and subregions.
2. We added an explanation of how the 20 hours for routine services was derived.
3. We added subregions when speaking about members.
4. In the last paragraph, we added that we would provide the requestor an estimate for the cost of work and hours required to complete the work.
5. We added that this policy would be reviewed annually.

FISCAL IMPACT: *HC*

At this time, we don't expect any additional expenditure of funds above those currently being spent on these services.

Cost Recovery Policy

Background

SCAG staff was asked by the Audit Committee some time ago to develop a policy regarding services performed for a fee. This request resulted from an audit finding regarding fees for service and lack of a policy to address these occurrences. The intent of the policy is to address requests by various parties to provide data, enhanced data, planning, and programming services. Such requests often require additional data processing and analysis above and beyond that information prepared for SCAG's specific needs related to the RTP and TIP. This policy doesn't apply to situations such as general information exchange, presentations, and subregional liaison assistance.

SCAG members are defined in SCAG's bylaws and there are 14 subregions consisting of: IVAG, OCCOG, WRCOG, CVAG, SANBAG, VCOG, Westside Cities, South Bay Cities COG, SGVCOG, North Los Angeles, City of Los Angeles, LVMCOG, Gateway Cities COG, and Arroyo Verdugo Cities COG.

The hours for routine services were determined by reviewing the previous two years of historical requests to determine the maximum time that could be associated with an one SCAG member. This resulted in the 20 hours that is specified below. This policy will guide staff as it considers such requests and will ensure consistency is applied to all of our planning partners.

Purpose

The purpose of this policy is to establish guidelines on how SCAG staff can respond to request for services from various parties with the following objectives:

- Responsiveness to SCAG members and subregions
- Adequate resources for existing work plan projects
- Addressing concerns of SCAG's funding partners

Policy

1. SCAG will offer routine services (20 hours of staff time or under per entity) to our members and subregions during each fiscal year. If a request is made by a non-member, e.g. consultant, who is doing work for a member or subregion, that request must be accompanied by a formal request from the member or subregion for which the consultant is working.
 - The request must be signed by the entity's executive director or planning director.
 - The Information Services Department (ISD) will track all requests.
 - When a request has been fulfilled, the requesting entity will be notified of the work accomplished and the number of hours spent working on the request.

This provision is not to supercede any individual contractual relationships currently in place. SCAG reserves the right to deny any request if resources are not currently available.

2. Beginning with the 2005/2006 OWP, a task will be established under various projects for "Coordination with local agencies for data and modeling". Actual time spent by SCAG staff performing these functions will be charged to those tasks in the OWP as well as fringe, indirect, and direct costs.
3. Services will not be provided to non-SCAG members/ subregions, except in the case of other state or regional organizations, e.g. Metropolitan Water District. Procedures for routine and large requests as identified in paragraphs 1 and 4 apply. These requests would only be done upon review and approval by the ISD Director.
4. Any requests that would exceed the 20 hours described above would be required to be funded by the member or subregion making the request. These requests must be made in writing and approved by the ISD Director. Availability of resources will be a determinate in accepting the work. If this work is accepted, SCAG must amend the Comprehensive Budget to reflect this work and funding source. These projects would be charged with actual SCAG labor, fringe, indirect, and direct costs. SCAG will provide the requestor an estimate for the cost of the work and number of hours required to complete the work.

This policy will be reviewed annually to analyze its effectiveness.

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